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SUBJECT: INDIAN CONSUL GENERAL HIGHLIGHTS LABOR ISSUES IN THE UAE

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DUBAI 00000262 001.2 OF 002

1. (U) Summary: Dubai-based Indian Consul General Venu Rajamony presented an overview of the Indian labor force in the UAE at a June 18 construction conference in Dubai. Rajamony highlighted the expanding influence of Indian nationals in the UAE economy and noted that the trend is expected to continue over the next decade. He noted, however, that the rapidly-growing Indian economy would likely increase the competition for Indian nationals in certain sectors (i.e. hospitality, retail) and for certain categories of workers (i.e. professionals, those with technical skills).

2. (U) Rajamony also noted a number of different improvements in Indian labor management. Initiatives such as pre-departure training and a public awareness campaign, Indian-mandated minimum wage restrictions, and legal counseling have all contributed to improved living conditions for Indians in the UAE. Ongoing Indian-UAE dialogue, in which officials from both countries regularly coordinate labor policies, has further enhanced the Indian labor position. There are areas for future improvement, according to Rajamony. Among them: the implementation of a direct deposit system for all laborers, comprehensive and compulsory health/death/disability insurance, institutionalized dispute resolution/grievance mechanisms, a UAE-mandated minimum wage, and standardized labor contracts. End Summary.

Indian Influence in the UAE

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3. (U) Indian Consul General Venu Rajamony was a featured speaker at a June 18 labor management conference in Dubai. The conference, which brought together stakeholders from private industry, government, and non-governmental organizations, covered a variety of labor-related issues facing the Gulf region. Rajamony underscored the longstanding economic linkages between the UAE and India. In recent decades, he pointed out, the number of Indians working in the UAE has increased dramatically, with the last five years seeing a 117 percent increase. Today there are approximately 1.2-1.5 million (exact figures are unknown) Indians in the UAE, representing some 42 percent of the country's labor force. The UAE now represents the most important destination for Indian laborers.

Improving Labor Management Mechanisms at the National Level

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¶4. (U) To manage the large expatriate populations throughout the world, Rajamony highlighted a number of steps undertaken by the Indian government, the most important of which was the formation of the Ministry of Overseas Indian Affairs (MOIA) in 2005. The MOIA, in turn, has launched several initiatives to improve the labor management cycle, including (but not limited to) designing pre-departure training programs, instituting special requirements (minimum age, minimum salary, security deposit) for domestic servants, mandating low-cost insurance for employees working abroad, and arranging for free repatriation of remains of deceased Indian nationals. Rajamony also discussed the government-funded public awareness campaign, which urges Indians to avoid informal channels in the labor cycle (i.e., unsanctioned recruiters and/or intermediaries).

#### Indian Government Involvement in the UAE

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¶5. (U) Rajamony also described the cooperation between the Indian Embassy/Consulate and relevant UAE ministries, immigration officials, and law enforcement authorities to address the frequent causes of labor unrest, namely non-payment of wages, exchange rate losses, and the lack of institutionalized dispute resolution. He added that Indian government representatives regularly liaise with major UAE employers of Indian nationals to discuss many of the same issues, as well as to exchange best practices.

¶6. (U) While overall positive, Rajamony did highlight a number of areas that need to be addressed. Among them, he singled out the need to establish a formal dispute resolution mechanism; the institution of a UAE minimum wage and annual cost of living adjustments; the need for a standardized, mutually recognizable labor contract; improvements in the health/disability/life insurance coverage; and the need for wages to be paid electronically (Note: The Dubai government recently announced a

DUBAI 00000262 002.2 OF 002

mandatory health insurance scheme for all residents of the emirate, whereby employers pay employees' basic premiums. The program is expected to begin on January 1, 2009. Separately, the UAE Central Bank and MOL recently initiated a government-sponsored direct deposit system for the majority of private sector employees. End Note.) Rajamony also cited the need to improve the general health and safety culture within the UAE private sector.

#### Expanding Indian Economy Affects Labor Demographics

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¶7. (U) Rajamony noted that the approximately nine percent annual growth experienced by the Indian domestic economy might reduce the numbers of Indians seeking employment overseas. The growth, most evident in the Indian real estate, retail, and hospitality sectors, coupled with shortages in professional and certain skilled labor categories could signal increased competition (and wage increases) for Indian employees in these sectors. He also noted that some Indian companies have begun recruiting in the Gulf region for employment opportunities in India, in many cases offering salaries comparable to the local Gulf markets. Despite this economic growth, however, Rajamony predicted that Indian nationals - particularly unskilled laborers - would continue to maintain a "significant presence" the UAE labor market in the coming decades. (Note: By 2020, India will have one of the largest working age populations in the world. End Note.)

Comment

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¶8. (U) Rajamony's presentation highlighted the collaborative and generally positive relationship between Indian and UAE officials in the field of labor relations. One such example of this cooperation, briefly mentioned by Rajamony and formally

announced by UAE Ministry of Labor representative Alex Zalami at the same conference, can be found in the new India-UAE labor management pilot project (reftel). This collaborative project, should it be formally institutionalized, could transform the labor management cycle in the UAE, in which India has a large stake. Notwithstanding the positive relations, however, there are labor-related issues, including the establishment of the government-mandated minimum wage, which the UAE government seems, at this point, reluctant to pursue.

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